HOUSING MARKET INFORMATION

HOUSING NOW
Canada

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: December 2009

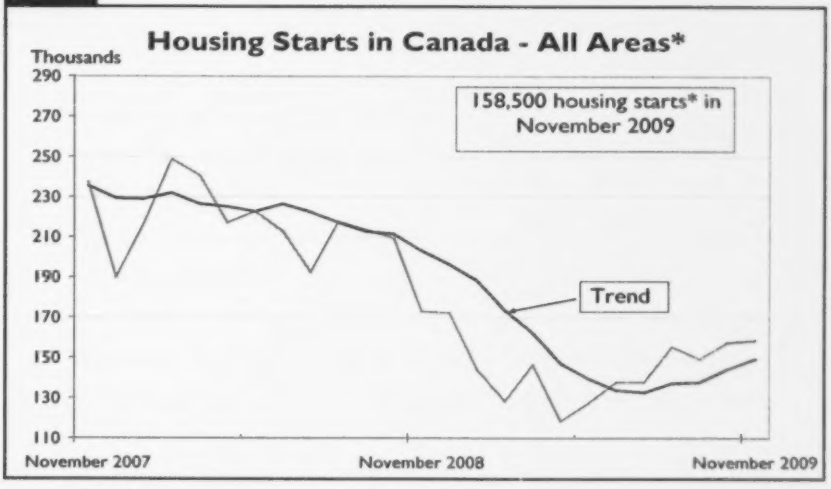
Canadian Market Overview

New Home Market

Housing starts inched up in November

The seasonally adjusted annual rate[1] of housing starts was 158,500 units in November, up 0.7 per cent from 157,400 units in October. The improvement in housing starts in November can be attributed to expansion in new single-detached construction, which offset the decline in the volatile multiples segment. The growth in single starts during the second half of 2009 was underpinned by low mortgage rates and improving economic conditions.

Figure 1



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release.

[1]All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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The November total number of housing starts is the highest of the year.

Urban single starts increased, while multiple starts were down in November

The seasonally adjusted annual rate of urban starts increased by 0.8 per cent to 141,100 units in November compared to 140,000 units in October. Urban single starts increased by 3.4 per cent to 69,800 units, while urban multiple starts fell 1.7 per cent to 71,300 units in November.

Urban starts up in three out of five regions

In November, the seasonally adjusted annual rate of urban starts increased in all regions except the Atlantic and Ontario, where they declined by 9.8 per cent to 7,400 units, and by 8.3 per cent to 51,100 units respectively. Urban starts grew by 10 per cent to 35,100 units in Quebec, by 8.2 per cent to 30,300 units in the Prairies, and by 6.2 per cent to 17,200 units in British Columbia.

Rural starts were at a seasonally adjusted annual rate of 17,400 units in November.

Year-to-date actual starts down compared to 2008

On a year-to-date basis, actual total housing starts in urban areas have decreased by an estimated 33.8 per cent compared to the same period in 2008. Actual urban single starts for January to November 2009 were down 23.7 per cent compared to a year earlier while urban multiple starts were down 40.4 per cent over the same period. Year-to-date actual starts in rural and urban areas combined decreased by an estimated 33.3 per cent compared to relatively high levels during the first eleven months of 2008.

Growth in new house prices moderates in October

The New Housing Price Index (NHPI) fell by 2.1 per cent year-over-year in October. This was the tenth consecutive monthly decline in the index.

In October 2009, new home prices increased in 13 out of 21 centres, compared to October 2008. The largest increases in the NHPI were in Quebec City (7.5 per cent), St. John's (6.8 per cent), and Moncton (3.1 per cent). The centres that registered the largest declines in the NHPI were Edmonton (-10.1 per cent), and Victoria (- 9.2 per cent).

Existing Home Market

MLS®[1] sales remain strong in November

The seasonally adjusted annual rate of MLS®[1] (Multiple Listing Service®) sales increased by 1.2 per cent to 557,400 units in November, compared to 550,812 units in October.

For the first eleven months of the year, actual MLS® sales were up 5.2 per cent to 437,507 units compared to the same period in 2008.

MLS® new listings were up in November

The seasonally adjusted annual rate of MLS® new listings in November increased by 5.3 per cent to 829,320 units, compared to 787,608 units in October. Actual new listings for the first eleven months of 2009 were down 13.3 per cent compared to the same period in 2008.

Sales-to-new-listings ratio down in November

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[2]. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

[1]Multiple Listing Service (MLS®) is a registered certification mark owned by the Canadian Real Estate Association

[2]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new- listings ratio is between these thresholds, the market is said to be balanced.

The seasonally adjusted sales-to-new-listings ratio for Canada's major markets was 67.2 per cent in November, down from October's 69.9 per cent. November was the eighth consecutive month in which the sales-to-new-listings ratio has been in sellers' market territory. As a result, sellers' market conditions continue to support growth in house prices.

The November seasonally adjusted average MLS® price in Canada increased by 1.1 per cent to $343,522 compared to $339,706 in October. The unadjusted MLS® average price was up 19.3 per cent in November compared to a year ago. The year-over-year increase in the unadjusted MLS® average price is due, mostly, to improved sales in the higher priced markets such as Vancouver, Victoria, Toronto, Calgary, and Edmonton, where actual unit sales in November increased 252 per cent, 116 per cent, 105 per cent, 67 per cent, and 42 per cent, respectively, on a year-over-year basis.

Economic conditions

In the third quarter, Canada's economy grew for the first time in four quarters, with an expansion of 0.4 per cent at an annualized pace.

Employment increased by 79,100 jobs in November and Canada's employment rate rose to 61.4 per cent from 61.2 per cent in October. Canada's unemployment rate decreased to 8.5 per cent from 8.6 per cent in October.

In November, part-time employment grew by 1.3 per cent (40,400 jobs), while full-time employment increased by 0.3 per cent (38,600 jobs). The sectors that saw substantial employment growth in November were the educational service sector (37,900 jobs), the manufacturing sector (12,600 jobs), the financial service sector (12,200 jobs), and the public administration sector (11,300 jobs).

Month-over-month seasonally adjusted employment increased in all provinces except New Brunswick, where employment decreased by 0.4 per cent (1,600 jobs) between October and November.

The largest increases in employment were seen in Ontario (27,100 jobs), Quebec (21,400 jobs), Alberta (12,800 jobs), and British Columbia (9,900 jobs).

On October 20th, the Bank of Canada announced that it was leaving the overnight rate target unchanged at 0.25 per cent. The Bank noted that a recovery in economic activity was underway in Canada. The Bank also reiterated its commitment to leaving the target overnight rate at its current level until the end of the second quarter of 2010, conditional on the outlook for inflation. ■

Figure 2

Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

Residential Mortgage Credit Grows in the Third Quarter of 2009

Residential mortgage credit increased by 6.7 per cent in the third quarter of 2009, compared to the third quarter of 2008, to reach about $946.7 billion.

Low mortgage rates and healthy housing markets led to a continued growth in residential mortgage credit in the third quarter of 2009.

Short and medium-term fixed mortgage rates remain near historical lows, which is helping to support Canada's housing sector.

Actual MLS® sales were up 17.8 per cent in the third quarter of 2009, compared to the previous year, while the average MLS® price increased by 10.7 per cent year-over-year. As a result, the actual dollar volume of existing home sales rose by 30.3 per cent in the third quarter of 2009 over the same period last year.

Figure 3

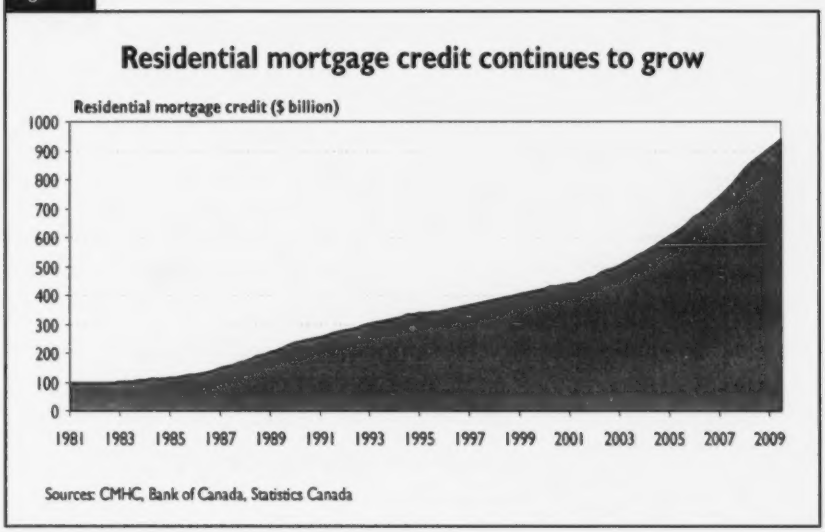
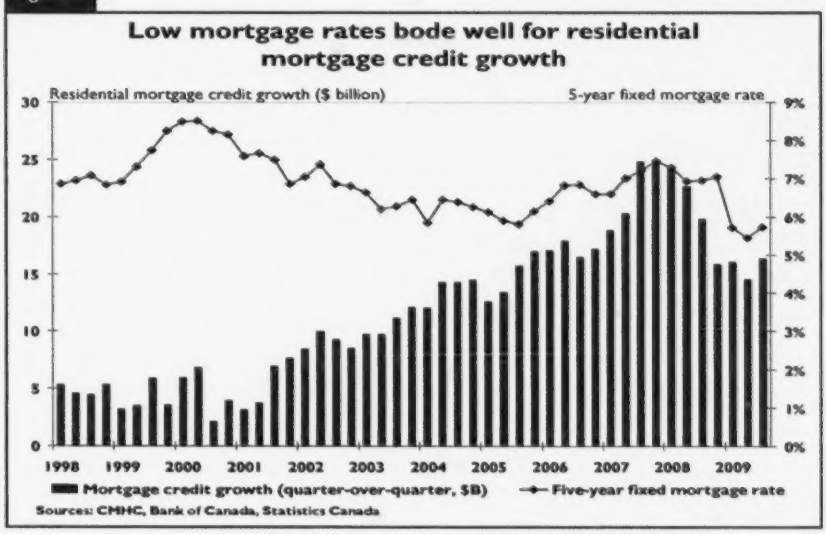


Figure 4



Strong renovation spending supports higher mortgage credit

As house prices increased over the past several years, homeowners have been able to use the equity in their home to finance their renovation projects.

The high level of existing home sales is also contributing to the strong renovation spending and mortgage credit growth as households tend to renovate within the first three years following the purchase of a home. According to CMHC's Renovation and Home Purchase Report of 2009, close to $21.3 billion was spent on renovations during 2008 across the ten major centres covered by the survey. In addition, about 40 per cent of households in the ten Canadian markets surveyed renovated their home in 2008. About 46 per cent of homeowners intend to renovate in 2009.

Market shares change slightly

Chartered banks accounted for 70.9 per cent of the residential mortgage loans outstanding in the third quarter of 2009, this is down from 72.7 per cent in the third quarter of 2008. Credit unions followed next with 18.4 per cent, as shown in the table below; this is up from 16.6 per cent in the third quarter of 2008. Together, banks and credit unions comprise approximately 89 per cent of the share of residential mortgage credit.

Other than the change in the shares of chartered banks and credit unions, the overall shares have remained essentially unchanged when compared to the previous four quarters. ■

Share of the stock of residential mortgage credit by institution type (%) *

	3Q08	4Q08	1Q09	2Q09	3Q09
Banks	72.7	71.4	70.8	70.6	70.9
Trusts	1.5	1.6	1.6	1.6	1.6
Caisse & Cr. Unions	16.6	17.7	18.2	18.5	18.4
Life Ins. Co.	2.3	2.4	2.4	2.3	2.3
Pension Funds	2.3	2.4	2.5	2.5	2.6
Others **	4.6	4.5	4.5	4.4	4.4

* Excludes Special Purpose Vehicles and NHA MBS
** Includes non-depository credit intermediaries

Source: CMHC, Bank of Canada, Statistics Canada.

INDICATORS OF MORTGAGE LENDING ACTIVITY

Mortgage credit outstanding ($millions)*

	2007	2008	3Q08	4Q08	1Q09	2Q09	3Q09
TOTAL	775,899	871,419	887,469	906,766	915,635	922,397	946,719
% change (year-over-year)	*11.6*	*12.3*	*11.8*	*10.6*	9.2	7.2	6.7
Banks	442,116	469,576	488,597	460,198	446,699	444,206	457,767
Trusts	8,550	9,802	10,110	10,226	10,118	10,159	10,109
Caisse & Cr. Unions	102,500	110,412	111,920	113,916	114,738	116,498	118,881
Life Ins. Co.	14,790	15,406	15,534	15,558	15,152	14,726	14,609
Pension Funds	13,238	15,105	15,409	15,553	15,579	16,026	16,514
Others **	31,691	31,128	30,771	29,212	28,291	27,902	28,154
Special Purpose Vehicles	24,884	22,729	22,135	20,598	19,577	18,483	17,372
NHA MBS ***	138,130	197,260	192,993	241,505	265,480	274,396	283,312

* Average for the period, unadjusted

** Includes non-depository credit intermediaries

*** CMHC

NHA AND CONVENTIONAL MORTGAGE LOANS APPROVED*

		2007	2008	2Q08	3Q08	4Q08	1Q09	2Q09
By Type of Lender								
Banks	$ millions	173,039	160,614	48,566	43,357	33,624	35,951	55,250
	Units	981,764	868,817	267,453	229,106	180,858	206,772	293,826
Trusts	$ millions	8,506	10,978	3,357	2,999	1,863	1,385	2,636
	Units	49,072	65,610	20,013	17,995	13,256	11,130	16,651
Life Ins. & Others	$ millions	36,974	44,687	13,386	12,223	8,471	12,287	16,847
	Units	259,840	293,274	87,755	78,573	55,901	78,528	99,903
TOTAL	$ millions	218,519	216,279	65,309	58,579	43,958	49,623	74,733
	Units	1,290,676	1,227,701	375,221	325,674	250,015	296,430	410,380

*** Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.**

Source: CMHC NHA loan approval system and Conventional Lending Survey

This Month's Housing Data (SAAR)

	2008	Q1:09	Q2:09	Q3:09	M09:09	M10:09	M11:09
Housing starts, units, 000s							
Canada. Total. All areas	**211.1**	**139.4**	**128.1**	**147.8**	**149.3**	**157.4**	**158.5**
Per cent change from previous period	-7.6	-24.6	-8.1	15.4	-3.9	5.4	0.7
Canada. Total. Rural areas	**23.7**	**19.1**	**17.7**	**16.3**	**16.3**	**17.4**	**17.4**
Per cent change from previous period	-31.5	-13.6	-7.3	-7.9	0.0	6.7	0.0
Canada. Total. Urban areas	**187.4**	**120.3**	**110.4**	**131.5**	**133.0**	**140.0**	**141.1**
Per cent change from previous period	-3.3	-26.1	-8.2	19.1	-4.4	5.3	0.8
Canada. Single. Urban areas	**74.4**	**47.4**	**49.5**	**62.0**	**69.2**	**67.5**	**69.8**
Per cent change from previous period	-18.1	-29.1	4.4	25.3	17.3	-2.5	3.4
Canada. Multiple. Urban areas	**112.9**	**72.9**	**60.9**	**69.5**	**63.8**	**72.5**	**71.3**
Per cent change from previous period	9.8	-24.0	-16.5	14.1	-20.3	13.6	-1.7
Newfoundland. Total. All areas	**3.3**	**3.4**	**2.8**	**3.0**	**2.8**	**2.9**	**3.2**
Per cent change from previous period	23.1	-5.6	-17.6	7.1	0.0	3.6	10.3
Prince Edward Island. Total. All areas	**0.7**	**0.4**	**0.8**	**0.8**	**0.7**	**1.2**	**1.0**
Per cent change from previous period	-5.1	-42.9	100.0	0.0	-30.0	71.4	-16.7
Nova Scotia. Total. All areas	**4.0**	**3.7**	**2.7**	**3.9**	**4.5**	**4.0**	**2.8**
Per cent change from previous period	-16.2	8.8	-27.0	44.4	12.5	-11.1	-30.0
New Brunswick. Total. All areas	**4.3**	**3.3**	**3.7**	**3.4**	**2.9**	**3.6**	**3.9**
Per cent change from previous period	0.8	-17.5	12.1	-8.1	-17.1	24.1	8.3
Quebec. Total. All areas	**47.9**	**41.3**	**39.1**	**45.6**	**41.3**	**37.2**	**40.4**
Per cent change from previous period	-1.3	-13.4	-5.3	16.6	-15.5	-9.9	8.6
Ontario. Total. All areas	**75.1**	**54.3**	**42.6**	**45.1**	**50.2**	**57.6**	**53.0**
Per cent change from previous period	10.2	-19.9	-21.5	5.9	11.1	14.7	-8.0
Manitoba. Total. All areas	**5.5**	**3.4**	**4.1**	**4.8**	**4.4**	**4.2**	**4.2**
Per cent change from previous period	-3.5	-41.4	20.6	17.1	-20.0	-4.5	0.0
Saskatchewan. Total. All areas	**6.8**	**2.2**	**3.4**	**4.0**	**3.7**	**3.6**	**6.1**
Per cent change from previous period	13.7	-58.5	54.5	17.6	-27.5	-2.7	69.4
Alberta. Total. All areas	**29.2**	**13.4**	**16.1**	**20.7**	**22.6**	**25.0**	**24.8**
Per cent change from previous period	-39.7	-38.8	20.1	28.6	12.4	10.6	-0.8
British Columbia. Total. All areas	**34.3**	**14.0**	**12.8**	**16.5**	**16.2**	**18.2**	**19.2**
Per cent change from previous period	-12.4	-43.3	-8.6	28.9	-16.1	12.3	5.5

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2008	Q1:09	Q2:09	Q3:09	M09:09	M10:09	M11:09
Canada. Total. Urban areas	187.4	120.3	110.4	131.5	133.0	140.0	141.1
Newfoundland. Total. Urban areas	2.2	2.4	2.0	1.9	1.7	1.8	2.1
Prince Edward Island. Total. Urban areas	0.5	0.2	0.6	0.7	0.6	1.0	0.8
Nova Scotia. Total. Urban areas	3.3	3.0	2.1	3.2	3.8	2.9	1.7
New Brunswick. Total. Urban areas	3.1	2.4	2.8	2.5	2.0	2.5	2.8
Quebec. Total. Urban areas	41.6	33.1	33.8	40.4	36.1	31.9	35.1
Ontario. Total. Urban areas	71.9	52.3	40.2	43.4	48.5	55.7	51.1
Manitoba. Total. Urban areas	3.8	2.3	2.6	3.3	2.9	2.6	2.6
Saskatchewan. Total. Urban areas	4.7	1.6	2.4	3.4	3.1	2.7	5.2
Alberta. Total. Urban areas	25.4	11.1	13.2	18.4	20.3	22.7	22.5
British Columbia. Total. Urban areas	30.9	11.9	10.7	14.3	14.0	16.2	17.2

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized

This Month's Major Housing Indicators

	2008	Q1:09	Q2:09	Q3:09	M09:09	M10:09	M11:09
New Housing							
New & unoccupied singles & semis, units 000s	7.6	8.9	8.4	6.8	6.2	5.9	5.7
Per cent change from same period previous year	26.2	29.4	14.8	-11.4	-22.4	-28.6	-34.1
New & unoccupied row & apartments, units 000s	9.5	11.2	12.0	12.9	12.9	13.0	12.7
Per cent change from same period previous year	9.9	21.0	34.6	41.3	38.4	29.3	21.8
New House Price Index, 1997=100	158.2	155.4	153.5	153.9	154.4	154.8	n.a.
Per cent change from same period previous year	3.4	-1.6	-3.1	-3.0	-2.7	-2.1	n.a.
Existing Housing							
MLS® resales*, units 000s	434.5	347.3	457.4	511.8	523.1	550.8	557.4
Per cent change from same period previous year	-17.1	-27.7	-1.3	14.5	17.3	45.2	66.7
MLS® average resale price, $C 000s**	303.6	285.5	307.0	328.8	335.6	339.7	343.5
Per cent change from same period previous year	-0.7	-9.3	-0.9	10.4	13.9	18.3	17.3
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	6.70	4.83	3.85	3.73	3.70	3.80	3.60
Posted 5-Year Mortgage Rate, % (period average)	7.06	5.71	5.45	5.73	5.49	5.84	5.59

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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